

CENTRAL INTELLIGENCE AGENCY

REPORT NO. SO 69673

# INFORMATION REPORT

CD NO. 25X1A

COUNTRY Germany (Russian Zone)

SUBJECT DAHA Purchasing Activities; Personnel  
Changes  
25X1A

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THIS IS UNEVALUATED INFORMATION

- 25X1X 1. In November 1950, DAHA (Deutscher Aussenhandel) was assigned the task of purchasing machinery in Europe for Communist China.\* The Chinese Purchasing Commission gave DAHA a list of its requirements at that time. In mid-December 1950, however, a DDR government order instructed DAHA to postpone, for the time being, its efforts to fill the Chinese order. It was understood that the uncertainty of the Chinese political situation and the threat on a Sino-American were the basis for this order. In mid-February 1951, however, the order was rescinded, and DAHA resumed its canvassing for machinery for China.

## Procurement for the USSR

2. DAHA has been commissioned to make purchases for the Soviet Union, as well as for other Communist states. The organization is reported to make it a practice to quote Russian customers a lower prices than those quoted by the seller. As a result, DAHA suffers a loss on the orders it places for the USSR. This difference is made up to DAHA by the DDR out of tax receipts.

## Transactions with The Netherlands.

3. DAHA concluded an unfortunate barter transaction with The Netherlands late in 1950 when it delivered 1,700,000 gulden worth of textile machinery to that country without specifying the type of goods it desired in return. After the German machinery had been delivered, the Dutch proposed to pay DAHA with a gigantic shipment of flower bulbs. The DDR protested violently and imposed an immediate embargo on all commercial dealings with The Netherlands. A settlement was finally reached whereby the Dutch would pay approximately one-half of their debt with flower bulbs and sardines. No settlement has as yet been reached for the payment of the other half of the commitment.
4. The official responsible for this transaction was Gerhard Ziller, the former chief of DAHA. Ziller's transfer from DAHA and promotion to ministerial rank occurred before the Dutch announced their intention of paying their debt in tulip bulbs.

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Personnel Changes

5. The chief of DAHA is now Dipl. Ing. Brandt of Dresden, the former director of the VVB (Z) Mechanik. Dr. Thomann, the former chief of DAHA, has been appointed deputy chief of DAHA.

6. The following individuals have been appointed division chiefs (Hauptabteilungsleiter) of DAHA:

Hänfler	-	Import Division
Lojewski	-	Division for Eastern Transactions (Ostgeschäfte)
Trefzger	-	Textile Machinery Division

7. As of mid-February 1951, DAHA employed approximately 400 persons.

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\* [REDACTED] The procurement efforts of DAHA on behalf of China would appear to conflict with those of the China Export Corporation of Berlin. No indication has been received as to how this is resolved in practice.

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